



Justin P. Wilson  
Comptroller

STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
STATE CAPITOL  
NASHVILLE, TENNESSEE 37243-9034  
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April 2, 2014

The Honorable Randy McNally, Chairman  
Senate Finance, Ways and Means Committee  
11 Legislative Plaza  
Nashville, Tennessee 37243

and

The Honorable Charles Sargent, Chairman  
House Finance, Ways and Means Committee  
33 Legislative Plaza  
Nashville, Tennessee 37243

Dear Chairmen:

Pursuant to Section 9-4-5202, Tennessee Code Annotated, the State Funding Board secures a report of the estimated growth rate of the State's economy for the coming fiscal year from The University of Tennessee's Center for Business and Economic Research (CBER). A copy of this report dated March 19, 2014, is attached. This estimate is based on the projection of growth of personal income contained within the broader economic forecast derived from the Tennessee Econometric Model. A detailed discussion of the forecast is provided in An Economic Report to the Governor of the State of Tennessee, dated January 2014. This report currently can be found on UT-CBER's website. [<http://cber.bus.utk.edu/erg/erg2014.pdf>]

The statute directs the Board to determine the reasonableness of the estimated growth rate. In order to reach a conclusion as to reasonableness, the Board met on March 26, 2014, to discuss the estimate and the economic forecast from which it was derived. The Board was assisted in the effort by a staff paper prepared by Mr. William Wood, Budget Analyst in the Office of the Comptroller. This staff analysis, attached for your information, compares gross domestic product estimates produced by CBER with the estimates produced by other economic forecasting agencies as well as evaluates current economic conditions and trends via outside forecasts. The staff analysis and CBER's report on the estimated growth rate currently can be

found on the Comptroller's website under "Investor Information- Investor Updates-Fiscal Year 7/1/13-6/30/14". [<http://www.comptroller.tn.gov/SL/InvestorUpdatefy.asp>]

After carefully reviewing the report and staff paper and discussing the forecast, the Board has directed me to convey to you our determination. The Board finds that the following estimates of growth rate in Tennessee nominal personal income do not appear unreasonable:

- determined at 3.33% for fiscal year 2014;
- determined at 4.20% for calendar year 2014; and
- determined at 4.46% for calendar year 2015.

Also, attached is a list of state tax and non-tax revenue sources as approved by the State Attorney General as of March 26, 2014.

Sincerely,



Justin P. Wilson, Secretary  
Tennessee State Funding Board

Attachments (3)  
JPW:avb